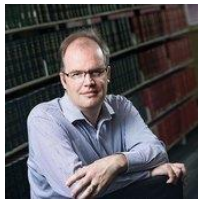


No future? End the Future Fund's affair with Big Tobacco

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Disclosure statement

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Australia has shown outstanding leadership on tobacco control - but it could do more. The next step is surely for the Future Fund to quit its addiction to tobacco investments.

The Gillard government's policy initiative to introduce the plain packaging of tobacco products has [won plaudits](#) from the World Health Organization and health leaders around the world. And the government's [victory in the High Court of Australia](#) sparked an [Olive Revolution](#), with other countries waiting to follow suit. The tobacco industry has predictably responded with [devious and aggressive tactics](#) to try to dilute the impact of plain packaging.

The government could protect its image and further enhance its reputation for good public health policy by encouraging the Future Fund to ban investments in

companies involved in the manufacture of tobacco products. The Norwegian politician Gro Harlem Brundtland has provided international leadership on tobacco control.



It's time for the Future Fund to end its deadly addiction to tobacco investment. Robert Huffstutter

The World Health Organization

The World Health Organization established the [WHO Framework Convention on Tobacco Control](#) under the brilliant leadership of Gro Harlem Brundtland. There are 176 parties to the [international health agreement](#).

The Convention calls for member states to adopt a comprehensive array of public health measures to address the global tobacco epidemic. Article 5.3 of the guidelines states, “Government institutions and their bodies should not have any financial interest in the tobacco industry, unless they are responsible for managing a Party’s ownership interest in a State-owned tobacco industry.”

A number of governments have banned tobacco investments as part of their treaty commitments. In 2009, the [Ministry of Finance in Norway](#) proposed that the Government Pension Fund exclude tobacco investments. This was supported by the Storting (the Norwegian parliament).

In 2010, the [Ministry for Finance in Norway](#) excluded 17 companies that produce tobacco from the Government Pension Fund Global, based on a recommendation from the Fund's council on ethics. Similarly, the [New Zealand Superannuation Fund](#) has excluded investment from companies directly involved in the manufacture of tobacco products.

Five states in the United States and some Australian super funds - such as AMP Capital, Ethical Investments Australia, and Christian Super - have also screened out tobacco investment.

Richard di Natale, a medical doctor and Greens Senator, has called for ethical investment guidelines for the Future Fund.

The Future Fund and ethical investment

The Future Fund was established under the *Future Fund Act* 2006 (Cth) to help assist future Australian governments meet the cost of public sector superannuation liabilities. The Future Fund held shares in tobacco companies worth [\\$225 million at February 2012](#). It also manages the investments of Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund, which were established by the *Nation-building Funds Act* 2008 (Cth).

It's disturbing that the Future Fund is investing in tobacco-related death, misery, and poverty in [Australia](#), and [countries in the region](#). Indeed, it's incongruous that it's managing the Health and Hospitals Fund *and* investing in tobacco.

Greens Senator [Richard Di Natale \(a medical doctor by profession\)](#), has argued that the Future Fund should stop investing in tobacco. He has put forward the [Government Investment Funds Amendment \(Ethical Investments\) Bill 2011 \(Cth\)](#). This bill would amend the *Future Fund Act* 2006 (Cth) and the *Nation-building Funds Act* 2008 (Cth) to require ministers responsible for certain funds to develop ethical investment guidelines for the Future Fund, the Building Australia Fund, the Education Investment Fund and the Health and Hospitals Fund.

Public hearing

The Senate Standing Committee on Finance and Public Administration recently held [public hearings](#) on the Future Fund and Ethical Investment. A number of stakeholders gave evidence to the committee - including public health advocates, and supporters of ethical investment.

[Action on Smoking and Health \(ASH Australia\)](#) made a powerful case to end government and super fund investment in tobacco. The chief executive, [Anne Jones OAM](#), said it was “inappropriate for governments to be investing in an industry that is both lethal and working actively to undermine, oppose and subvert government policies”.

And the [Royal Australasian College of Physicians](#) expressed concern that the government’s investments via the Future Fund undermine the denormalisation of tobacco use at work in other policy instruments.

[Responsible Investment Association Australasia](#) was supportive of measures to promote ethical investment. But there were divisions within the government over the bill.

The [Department of Health and Ageing](#) was supportive of the measure, but the [Department of Finance and Deregulation](#) was not. The [Future Fund](#) itself resisted a ban on tobacco investment.



Tela Chhe

The [Committee report](#) was also divided. The majority of the Committee - including members of the Australian Labor Party and the Coalition opposition parties - recommended that the *Government Investment Funds Amendment (Ethical Investments) Bill 2011* (Cth) not be passed.

The majority report observed, “The committee does not support this approach as it would undermine the independence of the Future Fund and change the structure of the Fund from that originally established.” The Committee feared that such a

“change would introduce ambiguity, instability and lack of clarity to investment decision-making.”

And Liberal Senator and Deputy Chair Scott Ryan has elsewhere made a weak and unconvincing case that the Future Fund should have the freedom and independence to make [investments in tobacco](#). Such a position ignores international law and public health policy.

In dissent, Richard di Natale noted the bill was consistent with the WHO Framework Convention on Tobacco Control; the Government’s laudable plain packaging measure; and evidence from a range of health organisations.

The ACT’s Responsible Investment Policy

The Australian Federal Parliament should reconsider its position, and follow the trailblazing example of the Australian Capital Territory (ACT).

Not only did the ACT government make [a strong submission](#) on plain packaging of tobacco products to the High Court of Australia, Chief Minister Katy Gallagher’s ALP has implemented a [Responsible Investment Policy](#).

The [ACT Government](#) will stop investing in companies involved in the production of tobacco, cluster bombs or land mines (an unholy trifecta). Hopefully, it will lead the way for all governments in Australia to divest themselves of tobacco investments.



This is an early test of David Gonski’s leadership. AAP

David Gonski and the Future Fund's policy

An alternative would be for the Future Fund itself to rethink its policy on tobacco investment. Such a move would preserve its independence, while also satisfying the increasing demand for socially responsible investment from the community.

The chairman of the Board of Guardians of the Future Future is David Gonski AC. Gonski is a business leader, a philanthropist, and a public policy expert. And he has experience in public health from having been a member of St Vincent's Hospital's board. The question of whether the Future Fund should continue investing in tobacco is an important early test of Gonski's leadership.

Investment experts have also called upon the Future to rethink its policy. [David St John](#), the chair of the investment committee for legalsuper, said, "What the Future Fund does is inconsistent with the federal government's efforts to reduce tobacco smoking."

The Future Fund should be investing in the public health and well-being of Australian citizens rather than the merchants of death at Big Tobacco. We have shown great courage as a nation that stood up to a deadly industry, now is the time to take another step forward.

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